

HEAT and FROST INSULATORS

UNION LOCAL 118



PENSION PLAN

Board of Trustees:

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When was the Plan established?	3
Who is covered under the Plan?.....	3
What contributions are made to the Plan?.....	3
What is the objective of the Plan?	3
How is the Plan constituted?	3
How is the Plan run?.....	4
When may I begin to receive a pension?.....	4
What pension does the Plan provide?	5
Normal Form of pension	8
Mandatory Form of pension	8
Who is my Spouse?.....	9
What are the Optional Forms of pension?	9
Apply in advance for pension!!	10
Employment after your pension starts	10
Vesting	10
How does Plan Membership terminate?.....	10
What happens when it does?	10
Portability	11
Can I assign or borrow against my pension?	11
What happens if I die before retirement?.....	12
Marriage breakdown	12
Access to information.....	12
Does the Plan have reciprocity?.....	13
Are benefits taxable?	13
What other sources of retirement income are available to me?	14
What else should I know?	14

Collective Agreements between the Union and many Employers specify that an hourly contribution must be paid to the Heat and Frost Local Union 118 Pension Plan.

The Plan has been established and registered with Canada Revenue Agency (formerly Revenue Canada) and the Pension Department of The Financial Institutions Commission of British Columbia ("FICOM"), the provincial government agency which administers and enforces the Pension Benefits Standards Act ("PBSA"). The Plan is administered by a committee of Trustees elected by the Union. The day-to-day administration of the Plan is carried out by D.A. Townley & Associates Ltd.

This booklet contains details of the benefits provided by the Plan and at the same time answers most of the questions you may have about the Plan. It has been prepared by the Trustees to help you understand the Plan. If there is any discrepancy between the information contained in this booklet and the Plan Text, then the wording of the Plan Text will govern.

Each year you will receive a statement of your benefits under the Plan accumulated to date. You can verify that the proper contributions have been made by your Employer by examining this statement. You must inform the Administrator if there are any discrepancies or errors in your statement of benefits.

The Board of Trustees
Heat & Frost Local Union 118 Pension Plan

The Plan was established as a result of collective bargaining by:

Heat and Frost Insulators Union Local 118
233 East 11th Avenue, Vancouver, B.C.
V5T 2C4

Telephone: 604-877-0909
BC Toll Free: 1-800-663-2738

Business Manager: Wayne Laxton

When was the Plan established?

The Plan came into effect on April 1, 1969. The Plan was most recently amended effective January 1, 2004.

Who is covered under the Plan?

Each person who is working under the terms of the Collective Agreement between an Employer and Heat & Frost Local Union 118 shall automatically participate in the Plan. An enrollment card must be completed by each employee and submitted to the Administrator.

What contributions are made to the Plan?

Each participating Employer will contribute based on an hourly rate at the amount stipulated in the Collective Agreement.

What is the objective of the Plan?

The Plan is designed to provide a monthly life income for Members who retire under the Plan after completing certain age and service requirements. Additionally, if a Member qualifies, a monthly income is payable if he becomes permanently and totally disabled before retirement.

How is the Plan constituted?

The Plan has been set up as provided for in a Trust Agreement between Local 118, the participating employers and the Trustees of the Plan. All money contributed to the Plan is held in trust on behalf of the Members.

The Plan is a **Defined Benefit Pension Plan**. This means that you earn a monthly benefit in the Plan, rather than accumulate contributions with interest. The Plan is registered with both the British Columbia Government under the BC Pension Benefit Standards Act and Canada Revenue Agency (CRA) under the Income Tax Act of Canada.

How is the Plan run?

The *Trustees* interpret the Plan, provide certain guidelines to the Plan Administrator, Custodian, Investment Manager and Actuary, and oversee the running of the Plan.

The *Plan Administrator* (currently D.A. Townley and Associates Ltd.) administers the Plan by keeping records of service and contributions and by calculating pensions and benefits under the Plan.

The *Custodian of assets* (currently RBC Global Services) holds the pension fund assets and invests them following instructions from the Investment Managers. All contributions are made to the Custodian, and all pensions and benefits are paid by the Custodian.

The *Investment Managers* (currently Leith Wheeler Investment Counsel and Greystone Managed Investments) make investment decisions within guidelines and objectives set by the Trustees.

The *Actuary* (currently D.A. Townley and Associates Ltd.) makes periodic estimates of pension fund surpluses and deficits, and provides direction and advice to the Trustees.

The *Plan* is subject to the rules for registration under the Income Tax Act (federal) and the BC Pension Benefits Standards Act (provincial) and is subject to change from time to time when those rules change.

When may I begin to receive a pension?

The following are four possible dates when you can receive pension benefits.

NORMAL RETIREMENT

The normal pension commencement date is the first day of the month on or after your 60th birthday.

EARLY RETIREMENT

If you have at least 10 years of Continuous Union Membership, and are age 50 or older, you may elect to receive pension benefits as of the first day of any month.

DELAYED RETIREMENT AFTER AGE 60

If you continue to work beyond your normal retirement date you may receive a pension on the first day of any month following your normal retirement date. You must, however, retire no later than the first day of the month following your 69th birthday.

DISABILITY RETIREMENT

You may be eligible to receive a disability pension if you are deemed totally and permanently disabled under the Plan.

You will be considered totally and permanently disabled if, based on sufficient medical evidence, you are unable to engage in any gainful occupation or employment. In no event will a disability be considered to be permanent until it has continued for a period of at least 4 months. Disability pensions can commence on the first of any month prior to your 60th birthday.

You must:

- have worked in the Plan's jurisdiction in the three years prior to your disability
- have at least 10 years of Continuous Union Membership
- not be eligible for Long Term Disability (LTD) benefits from the Heat & Frost Local Union 118 Health & Welfare Plan.

What pension does the Plan provide?

Retirement benefits are based upon the contributions received in respect of hours of credited service after the start of the Plan.

The monthly pension earned for credited service is shown in the following table:

For Service in 1989

Contribution Rate per hour	Number of Hours per Unit	Monthly Pension for each Unit	Monthly Pension per 2400 hours
\$		\$	\$

2.00	1000	40.00	96.00
------	------	-------	-------

For Service in 1990

2.25	1	0.04	96.00
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For Service after 1990 through 2001

2.67	1	0.045	108.00
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3.10	1	0.045	108.00
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3.35	1	0.045	108.00
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For Service January 1, 2002 onward

3.60	1	01.25%*	108.00
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* benefits now accrue as a percentage for each dollar of contributions.

Since 1989, for members with at least 175 hours, credits were given for each and every hour of employment. No credit is accrued for members working less than 175 hours in year.

Effective each January 1, 1997, January 1, 2000 and January 1, 2001, the accrued benefits for all non-retired members were increased by 10%, 5% and 1% respectively.

SELF PAYMENT

If you have at least 175 but less than 2400 hours of credits for a year, and are fully vested, you can self pay to top up to a maximum of 2400 hours at the current contribution rate.

NORMAL RETIREMENT BENEFIT

A member retiring on his normal retirement date will receive the full amount of benefit he has earned for credited service.

EARLY RETIREMENT BENEFIT

If you retire before age 60, you will receive a reduced monthly benefit, reflecting the fact that payments are starting earlier. Sample reduction factors are:

Age at Early Retirement	Reduction Factor	Age at Early Retirement	Reduction Factor
59	6%	54	36%
58	12%	53	42%
57	18%	52	48%
56	24%	51	54%
55	30%	50	60%

However, after 2001, if you have worked at least 350 hours in the two Plan years prior to your retirement (OR you work at least 175 hours in the year immediately prior to your retirement), your benefits will be reduced according to the following schedule:

Age at Early Retirement	Reduction Factor	Age at Early Retirement	Reduction Factor
59	5%	54	30%
58	10%	53	35%
57	15%	52	40%
56	20%	51	45%
55	25%	50	50%

DELAYED RETIREMENT BENEFIT

If you retire after age 60, you will receive benefit equal to the pension which you earned to your normal retirement date plus the further pension earned after age 60. The pension will also be increased to reflect the fact that payments are starting later.

DISABILITY RETIREMENT BENEFIT

The monthly disability retirement benefit payable to a member who is not eligible for LTD benefits from the Heat & Frost Local Union 118 Health & Welfare Plan, shall be the amount of his normal retirement benefit earned to his disability retirement date without reduction.

A disability retirement benefit shall cease at the earliest of the following dates:

- (a) your death, or
- (b) the date you cease to be entitled to disability benefits due to recovery from total and permanent disability, or
- (c) the first day of the month on or after your sixtieth (60) birthday.

If you are receiving or have received disability retirement benefits, when you reach normal retirement date you will be entitled to a monthly retirement benefit payable in the normal form of retirement benefit.

If you become disabled and receive LTD benefits from the Health & Welfare Fund then you will be credited with 100 hours for each calendar month that you are disabled, including the qualifying period.

Disability credits are only granted if at the start of your disability you are an "active" member of the Pension Plan. Associate members of the Heat and Frost Local 118 Welfare Plan are not eligible for Pension Plan disability credits.

Normal Form of Pension

The normal form of retirement benefit shall be monthly payments to you, with the first such payment payable at your retirement date and ceasing with the monthly payment payable on the first day of the month in which your death occurs. If you do not receive at least one hundred and twenty (120) monthly payments, then payments will be continued to your beneficiary or estate until a total of one hundred and twenty (120) monthly payments have been made. This is the kind of pension you are earning with the formula described above.

Mandatory Form of pension

If you have a spouse when you retire, pension legislation requires you to choose a form of pension so that upon your death, your spouse receives for

the rest of her lifetime at least 60% of the pension being paid to you while you were alive. This form of pension is mandatory unless either the payment to your spouse on your death exceeds 60% or your spouse signs a waiver form which would allow you to choose some other form of payment that does not provide your spouse with the same level of protection.

Who is my Spouse?

Your spouse is the person that you are married to and living with, or is the person with whom you have been living for at least two years but to whom you are not married.

What are the Optional Forms of pension?

If you feel that your needs would be better served by a different form of pension and your Spouse signs the waiver form, you may choose one of the following options:

- (1) A pension payable for your lifetime, and on your death, a pension reduced to 50% or some other acceptable percentage payable to your spouse for her remaining lifetime.
- (2) A pension payable for your lifetime, with a guarantee of at least 60 or 180 monthly payments, or with no guarantee.
- (3) Any other form of pension which involves life contingencies and which is approved by the Trustees.

Without the waiver, you may also choose a pension that continues unreduced upon your death, or which reduces to 67% or 75%.

When you are approaching retirement, you should contact the Plan Administrator, D.A. Townley and Associates Ltd., to ask for estimates of your pension amounts.

Apply in advance for pension!!

You must make written application in advance to start receiving retirement benefit payments. **You should apply 2 months before the date you want your pension to start.** Benefit payments will not be made retroactively.

Payments will not start until you make written application, including selection of Optional Form, and the Trustees have had the opportunity to verify your eligibility for benefits. Once benefit payments have started, they will continue throughout your lifetime and will end with the payment for the month in which your death occurs. Further payments may be payable to your beneficiary or joint annuitant depending upon the form of benefit you chose when you retired.

Employment after your pension starts

If you return to active employment with a participating Employer after retirement, you shall continue to receive retirement benefit payments. However, you will not earn any additional pension benefits for the hours of employment or contributions remitted to the Plan while retired.

Vesting

Vesting means that you have a right to receive a pension benefit on retirement. Effective January 1, 1997, your Plan requires 2 years with at least 175 hours in each of these years before you become fully vested in the Plan accumulated to date.

How does Plan Membership terminate?

What happens when it does?

For the purposes of the Plan your membership will be deemed to have terminated if during two consecutive Plan years, your Employers have remitted for less than a total of 350 hours. If this happens, then you will be entitled to receive your accumu-

lated pension upon retirement if you are fully vested.

If you terminate from the Plan with fully vested benefits, and return to work in the Plan jurisdiction for at least 175 hours in one year, you immediately begin earning additional service in the Plan on top of your previously vested benefits.

If you terminated without full vesting, or if you transferred out the value of your earned pension in a lump sum (see “Portability”), then upon return to the Plan you will be treated as a new Plan member with no service in the Plan.

If you terminate, you may still have Plan benefits. Be sure to notify the Plan of any address changes so that we may keep you informed.

Portability

If you terminate your membership in the Plan, if you are fully vested (i.e., have more than 2 years of membership in the Plan) and under age 50, you can request that the Trustees transfer the value of your vested pension benefit to your locked-in RRSP or Life Income Fund (LIF), or to purchase an annuity.

Please note the critical words which are underlined in the above paragraph. A “locked-in” RRSP or LIF is a special plan that prevents you from receiving the money in a lump sum payment. It must be used to purchase an annuity upon retirement. Under BC pension legislation transfer amounts that qualify as a small pension do not have to be “locked-in”. The value of your pension benefit is not the same as the total contributions made on your behalf.

Can I assign or borrow against my pension?

Benefits under the Plan may not be assigned in any way, except in certain cases where benefits are split upon divorce.

What happens if I die before retirement?

If you die prior to your retirement, and are survived by your Spouse, the Plan will pay a monthly benefit to your Spouse, commencing immediately, for the remainder of her lifetime, equal to 60% of the monthly pension benefit which you had accumulated at the time of your death. A surviving Spouse has the same “Portability” options as a terminated member.

If you are not survived by your Spouse, or your Spouse has waived her right to the death benefits, but there are Dependent Children, the monthly benefit which would have been paid to your Spouse shall be shared equally between the Dependent Children. The monthly benefit for each of them will continue until age 21 or the date the dependency ceases. The benefit may be continued to age 25 while the child remains a Dependent and is attending a full time course of study at a recognized university or college of education. The Dependent Children have the right to request payment of the benefit in a lump sum.

If you die leaving no Spouse or Dependent Children, your beneficiary will receive a lump sum benefit calculated as 60 times the accrued monthly pension benefit.

The value of benefits paid to beneficiaries other than a Spouse will equal at least 60% of the accrued pension benefit.

Marriage Breakdown

In the event of marriage breakdown, the B.C. Family Relations Act provides for more flexibility as the Member’s pension becomes part of the family assets to be shared between the parties.

Access to information

The documents of the Plan can be viewed at the office of the Plan Administrator, D.A. Townley and Associates Ltd., during normal office hours.

Personal information about other Members is, of course, not available.

Does the Plan have reciprocity?

WHAT HAPPENS IF I AM NOT WORKING WITHIN LOCAL 118'S JURISDICTION?

Local 118 has entered into agreements with other Locals across Canada whereby if you are working in another local in which there is a reciprocity agreement, the contributions made on your behalf can be transferred to this Pension Plan. You must fill out a form requesting and authorizing the reciprocal transfer.

In addition, Reciprocal Agreements have been signed with certain other Trade Unions which belong to the B.C. and Yukon Building and Construction Trades Council. This enables you to receive credit while temporarily working out of another jurisdiction.

Contributions submitted on your behalf from another Pension Plan are subject to an adjustment in accordance with the standard industrial/institutional hourly contribution rate.

WHAT HAPPENS IF I TRANSFER MY MEMBERSHIP FROM LOCAL 118 TO ANOTHER LOCAL?

If you transfer membership out of Local 118 to another Local of the International in which the Plan has a Pro Rata Agreement, the pension years of service accrued by you will be transferred on a pro rata basis to your new Local. If you have transferred to Local 118 from another participating Local, your years of service from your former Local are recognized by this Plan.

Are benefits taxable?

All Plan benefits are included in your income for income tax purposes when they are paid (except for lump sums transferred directly to another registered pension plan or RRSP).

What other sources of retirement income are available to me?

Old Age Security (OAS) is available at age 65 to every senior in Canada. OAS will provide you with about \$5,600 a year (in 2005). There is a Canadian residency requirement for this benefit, but you will receive it no matter what your level of income. If in total, your income exceeds \$61,000 (in 2005) the benefit will be adjusted downward.

Since you have been working and contributing to the Canada Pension Plan (CPP), you will also receive a CPP benefit. The amount of pension available depends on how much and for how long you have contributed to the CPP. If you worked or were self employed in most years between the ages of 18 and 65 and earn about the average Canadian wage (about \$38,000), at age 65 you will receive a CPP retirement pension of about \$9,000 annually.

Both OAS and CPP are fully indexed to the cost of living.

CPP also provides disability and survivor benefits. Your Spouse will also be entitled to OAS and may be eligible for CPP as well. Both these benefits are administered by Human Resources Development Canada. Further information is available from them on their website at www.hrdc-drhc.gc.ca/isp or toll free at 1-877-454-4051.

What else should you know?

It is your responsibility or your beneficiary's to apply to the Trustees to receive benefits when entitled. If no application is received by the Trustees within one year after the date when payment became due, the Trustees will attempt to contact the person eligible to receive the payment due. If they are unable to do so, then the benefit may be forfeited.

When you name someone as your beneficiary, please advise them. When you change your beneficiary, please advise both parties of the change.

The Plan is administered by a Board of Trustees composed of five Trustees, all of whom are appointed by the Local Union following an election process. The day to day administration of the Plan is carried out by:

D.A. Townley and Associates Ltd.
101-4190 Lougheed Highway
Burnaby, B.C. V5C 6A8
Telephone: 604-299-7482
Toll-Free: 1-800-663-1356
Facsimile: 604-299-8136
Email: pension2@datownley.com

Please complete the enrolment card in this brochure if you wish to:

1. Change your Spouse or Alternate Beneficiary.
NOTE: if you have Dependent children, you must nominate them as Alternate Beneficiary in compliance with provincial regulations.
2. Change your address.
3. Enroll in the Plan.

Please make sure that you date and sign the form.

Detach the card and mail to the Administrator.

PART II – ILLUSTRATIONS

ILLUSTRATIONS OF APPROXIMATE ANNUAL PENSION BENEFITS

(IN 2004 DOLLARS)

	No 1	No 2	No 3
Retirement Age	55	60	65
Total years of Service	25	30	35
Total "Plan" pension at retirement	\$16,800	\$25,200	\$26,900
Canada Pension Plan (CPP) (maximum)	Not available until age 60	\$6,800	\$9,800
Old Age Security (OAS) pension	Not available until age 65	Not available until age 65	\$5,500
Total retirement income from pensions at retirement age	\$26,800	\$32,000	\$42,200

Notes

1. Members are assumed to have worked 1500 hours each year of service.
2. Pension increases in 1994, 1996, 1997, 1998, 2000 and 2001 have been included.
3. Both CPP and OAS are indexed to CPI, so annual income will increase slightly after CPP and OAS commencement.
4. CPP income is reduced by 5% for each year payment commences prior to age 65. The reduction has been included.
5. It is assumed that the Member retires from active service and so the earned pension is reduced by 5% for each year retirement precedes age 60.

OPTIONAL FORMS OF PENSIONS

	No 1	No 2	No 3
1. Retirement Age	55	60	65
2. Life, no guarantee	\$1,021	\$1,036	\$1,070
3. Life, guaranteed 5 years	\$1,015	\$1,027	\$1,051
4. Life, guaranteed 10 years (normal form)	\$1,000	\$1,000	\$1,000
5. Life, guaranteed 15 years	\$976	\$959	\$931
6. Joint and Survivor, paying 100% to the survivor	\$855	\$830	\$811
7. Joint and Survivor, paying 75% to the survivor	\$891	\$873	\$863
8. Joint and Survivor, paying 60% to the survivor	\$914	\$902	\$898
9. Joint and Survivor, paying 50% to the survivor	\$930	\$922	\$922

Note

1. These illustrations assume an interest rate of 6%, use the GAM83 mortality table and assume that the spouse is 3 years younger than the member.
2. Assumptions will be adjusted from time to time to reflect updated demographic and economic projections.

HEAT AND FROST INSULATORS UNION LOCAL 118, PENSION PLAN

MEMBER RECORD CARD

PLEASE PRINT CLEARLY

Name _____ Soc. Ins. No. _____

SURNAME _____ FIRST NAME _____

Address _____ City _____ Postal Code _____

Spouse _____ Spouse's Soc. Ins. No. _____

SURNAME _____ FIRST NAME _____

My birth date: _____ Spouse's birth date: _____ Alternate's birth date: _____

I hereby authorize the use of my Social Insurance Number in connection with the administration of the Plan. I hereby nominate and request that if I do not have a Spouse at the time of my death, any sums payable upon or after my death under the terms of the Plan shall be payable to:

Alternate Beneficiary _____ Relationship _____

Beneficiary's Address _____ City _____ Postal Code _____

If living, otherwise my estate, reserving to myself the right to change this appointment.

Dated at _____ This _____ Day of _____ 20 _____

When card is fully completed it should be mailed to the Administrator of the Plan at the following address:

Signature _____

D.A. Townley and Associates Ltd. #101-4190 Loughheed Hwy., Burnaby, B.C. V5C 6A8 604-299-7482 1-800-663-1356

